

THOMPSON & KNIGHT LLP

ATTORNEYS AND COUNSELORS

1900 SAN JACINTO CENTER
98 SAN JACINTO BOULEVARD
AUSTIN, TEXAS 78701-4081
(512) 469-6100
FAX (512) 469-6180
www.tklaw.com

DIRECT DIAL: (512) 469-6130
EMAIL: James.Morris@tklaw.com

Phillips
Hopkins
Chavaria
AUSTIN
DALLAS
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HOUSTON
Gary
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PARIS
RIO DE JANEIRO

October 14, 2004

VIA HAND DELIVERY

Samuel J. Coleman, P.E.
Director
Superfund Division, 6SF
United States Environmental Protection Agency
Region 6
1445 Ross Avenue, Suite 1200
Dallas, Texas 75202-2733

Re: Gulfco Marine Maintenance Site in Freeport, Texas (the "Site")

Dear Mr. Coleman:

We represent The Dow Chemical Company ("Dow") regarding the above-referenced Site. The Site is a former barge cleaning facility that operated and cleaned barges for over twenty years. In July, Dow received a Special Notice Letter from EPA requesting a "good faith" offer to conduct or finance a Remedial Investigation and Feasibility Study ("RI/FS") at the Site. Dow is one of only five parties to receive EPA's Special Notice letter, and, to Dow's knowledge, one of only three parties to respond. The other parties who received and responded to the Special Notice Letter are Chromalloy American Corporation/Sequa Corporation (collectively "Sequa") and LDL Coastal Limited, L.P. ("LDL Coastal"). EPA's investigation of other potentially responsible parties ("PRPs") appears to be in the early stages.

After receipt of EPA's Special Notice Letter, Dow, Sequa and LDL Coastal began meeting to discuss the Site and form a Group to negotiate with EPA concerning the RI/FS. On September 2, 2004, Dow and Sequa met with EPA to discuss the Site and their ideas for working with EPA to investigate the Site. (The LDL Coastal representative had planned to attend, but a family emergency intervened to keep him in Houston.) The parties advised EPA that because of the status of group organization efforts, they could not commit to conduct an RI/FS by the September 27th "Good Faith" offer deadline. EPA advised Dow to explain the activities already undertaken and the activities the parties planned to undertake to be in a position to negotiate an order for the RI/FS. Dow did just that in its September 27th letter to EPA.

On October 13, 2004, Dow received from EPA a cryptic five-line response to Dow's offer to continue RI/FS discussions. EPA, without explanation as to how it intends to proceed or in what respect it found Dow's offer insufficient to warrant continued negotiations, replied: "The



EPA intends to pursue conduct of the RI/FS by other means available to us.” Dow finds EPA’s response surprising and disappointing in the light of Dow, Sequa and LDL Coastal’s commitment to redevelop a site with obvious Brownfield potential and their continuing efforts to organize to negotiate with EPA. As explained during the September 2nd meeting with EPA and in Dow’s September 27th letter, the Site’s location on the Intracoastal Waterway makes it a unique and exceptional candidate for Brownfield redevelopment. Dow, Sequa and LDL Coastal, the current owner of most of the Site, recognize that there is both economic and environmental benefit in seeing this property move from an environmental liability to a marketable and productive asset. Structuring an agreement between a present site owner not involved in site operation, a past site owner/operator and an alleged “arranger” takes time. The parties had hoped that EPA would be eager to work with them to foster economic redevelopment of the Site. This is what EPA’s policies and pronouncements endorse and encourage. Dow asks that you consider this opportunity.

EPA’s response is especially disheartening because Dow, Sequa and LDL Coastal have already begun the tasks essential to organizing a PRP group and moving forward with conducting an RI/FS. We have kept the agency apprised of these developments:


- Touring the Site with prospective consultants. The parties will interview the finalists and select a consultant in early November. We have moved quickly on this task to facilitate negotiations with EPA as the consultant will assist the parties in the development of a scope of work for the RI/FS (In our meeting of September 2nd, EPA agreed to negotiate the scope of work for a focused RI/FS as we negotiated the Agreed Order.);
- Formalizing a group agreement with appropriate financial incentives to support redevelopment of the Site;
- Working with a private investigator to locate officers and employees of the past owners and operators who may have knowledge of Site operations and the identity and whereabouts of additional PRPs; and
- Conducting interviews to identify parties doing business at the Site. The investigation of other PRPs is ongoing.

Given that the Site is not abandoned, remains under the management of LDL Coastal, and presents no evidence of an immediate threat to human health or the environment, EPA’s failure to consider the redevelopment opportunities this Site affords would be contrary to EPA’s announced policy of promoting Brownfield redevelopment projects. Before the chance to consider these opportunities is lost to the Superfund process, Dow would like to discuss our

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concerns and its willingness to work with you. This Site should be a Superfund success story. I will contact you to schedule a convenient time for a conference call or meeting.

Very truly yours,



Brendan Lowrey for
James C. Morris III

cc: ✓ Pam Phillips, Region 6, EPA
Barbara Nann, Region 6, EPA
F. William Mahley
Allen B. Daniels